

5/021/0026

4 Oct 1999

Iron County Planning Board
Rich Wilson, Chairman
88 East Fiddlers Canyon Drive
Cedar City, Utah 84720

SUBJECT: Gypsum Mine Permit No. 97-10/ S-02/-026

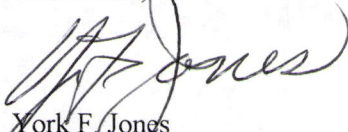
To Whom it May Concern:

This past year actual work on the Dry Creek Gypsum Mine site has been slow, however we have accomplished vital bulk sampling and quantitative exploration on the reserves. Approximately 250 tons were delivered to Bakersfield, California for agricultural use. The results were good, but the transportation costs were prohibitive. The gypsum grade (98 per cent) $\text{Ca So}_4 \cdot \text{H}_2\text{O}$ is excellent and Aero-Graphics of Salt Lake City was contracted to generate a topographic map of the site in an Auto C.A.D. format. Phase Two: the marketing of material is underway with a good chance of a wallboard plant being located in Cedar City.

We have also proposed to the Iron County Water Conservancy District an off-stream water storage site of approximately 16,000 acre feet, with the dam site location on the up-stream side of the mine site. This would include a potable water treatment plant for Cedar City and a water recreation site of some 126 acres on the B.L.M. property in Section 7. Regarding the County Use Permit, there has been "no violations documented," so my assumption is that it is automatically renewed for 9 years (Dec. 2007) as stated in your Use Permit. This is very important to the wallboard feasibility studies. We have conformed to the given regulations, although some are ambiguous, such as 705-B-1 (suitably landscaped, to be maintained).

Marketing the gypsum product has been slow and requires more time than I expected, therefore the actual mine development this summer has been curtailed. If the dam site materializes, that area of the property, or ownership, may change because of liability. Refer to the statement in the Use Permit (letter of Dec. 4, 1997) regarding "change of ownership."

Thank You,



York F. Jones
228 South 800 West
Cedar City, Utah 84720

> cc. D. W. Hedbert
Division of Oil & Gas
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114 - 5801

